

DEPARTMENT OF HEALTH AND HUMAN SERVICES FORM APPROVED

HEALTH CARE FINANCING ADMINISTRATION OMB NO. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: HEALTH CARE FINANCING ADMINISTRATION	1. TRANSMITTAL NUMBER: 03-02	2. STATE Louisiana
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES	4. PROPOSED EFFECTIVE DATE January 1, 2003	

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN ☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN ☒ AMENDMENT

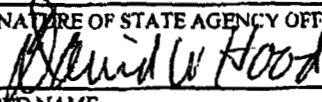
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR 412 Subpart F, and 413.30	7. FEDERAL BUDGET IMPACT: a. FFY <u>2003</u> \$1,425.60 b. FFY <u>2003</u> \$0
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-A, Item 1, Page 8a Attachment 4.19-A, Item 1, Page 8b	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Same (TN 02-04) Same (TN 02-09)

10. SUBJECT OF AMENDMENT: **The purpose of this amendment is to establish a payment methodology for enhanced outlier reimbursements to qualified hospitals.**

11. GOVERNOR'S REVIEW (Check One):

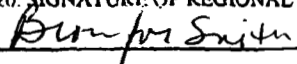
☐ GOVERNOR'S OFFICE REPORTED NO COMMENT☒ OTHER, AS SPECIFIED: **The Governor does not review state plan material**☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL: 	16. RETURN TO: State of Louisiana Department of Health and Hospitals 1201 Capitol Access Road PO Box 91030 Baton Rouge, LA 70821-9030
13. TYPED NAME: David W. Hood	
14. TITLE: Secretary	
15. DATE SUBMITTED: February 12, 2003	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: 2/27/03	18. DATE APPROVED: 3/17/03
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PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL: 1/1/03	20. SIGNATURE OF REGIONAL OFFICIAL: 
21. TYPED NAME: CHARLENE BROWN	22. TITLE: Deputy Director, CMSO

23. REMARKS:

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT ATTACHMENT 4.19-A
MEDICAL ASSISTANCE PROGRAM Item 1, Page 8a
STATE OF LOUISIANA

PAYMENT FOR MEDICAL AND REMEDIAL CARE AND SERVICES
METHODS AND STANDARDS FOR ESTABLISHING RATES - IN-PATIENT HOSPITAL CARE

c. Enhanced Outlier Payments

Effective for dates of service on or after January 1, 2003, enhanced outlier reimbursements will be paid to qualifying hospitals for state fiscal year (SFY) 2002 - 2003.

A qualifying hospital is defined as a hospital whose losses calculated using the outlier payment methodology effective July 1, 2002 are at least twenty-five percent (25%) of the amount calculated using the outlier payment methodology in effect as of June 30, 2002.

The calculation will be based on actual submitted claims for dates of service on or after January 1, 2003 that qualify for outlier payments.

A one time lump sum payment will be issued which is equal to the product of each qualifying hospital's pro rata share of outlier losses to all qualifying hospitals' outlier losses multiplied by \$2,000,000 - the amount appropriated for payment of enhanced outlier reimbursements for SFY 2002 - 2003.

8. Enhancement Pool For Public Hospitals

a. Enhancement Pool Creation

An enhancement pool is created to increase reimbursement to public hospitals in proportion to their share of Medicaid billed charges in excess of Medicaid reimbursement as documented in the most recently filed cost reports. The pool is created subject to the payment limits of 42 CFR §447.272 (the aggregate Medicaid payments may not exceed a reasonable estimate of the amount that would be paid for the services furnished by these hospitals under Medicare payment principles).

b. Calculation of Hospital Payment Differential

The hospital payment differential for any year shall be the difference between the upper limit of aggregate payments to non-state public hospitals as defined in 42 CFR §447.272 and the aggregate Medicaid per diem reimbursement paid to these hospitals for the year. This amount shall be calculated based on the hospital's latest filed cost report and shall be trended forward to the mid-point of the current State fiscal year based

TN# 03-02 Approval Date MAR 17 2003 Effective Date JAN - 1 2003
Supersedes
TN 02-04

**STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
MEDICAL ASSISTANCE PROGRAM
STATE OF LOUISIANA**

**ATTACHMENT 4.19-A
Item 1, Page 8b**

PAYMENT FOR MEDICAL AND REMEDIAL CARE AND SERVICES

METHODS AND STANDARDS FOR ESTABLISHING RATES - IN-PATIENT HOSPITAL CARE

on the Center for Medicare and Medicaid Services (CMS) Hospital Market Basket Index for PPS hospitals.

c. Enhancement Pool Payments

The entire enhancement pool amount shall be paid on a quarterly basis to qualifying public hospitals based on their pro-rata share of the total unreimbursed Medicaid charges (billed Medicaid charges less Medicaid reimbursements) for all qualifying public hospitals. Determination of unreimbursed Medicaid charges shall be based on the hospital's latest filed cost report.

d. Definition of Qualifying Hospitals

Qualifying hospitals are defined as any hospital owned by a parish, city or other local government agency or instrumentality. This definition includes hospitals owned jointly by two or more government entities, but does not include hospitals owned jointly by government and private organizations. A qualifying hospital:

- i) is not recognized as a small rural hospital as defined in D.3.b.;

AND

- ii) has the largest volume of Medicaid inpatient days of all non-state public hospitals per the hospital's latest filed cost report.

e. Determination of the Upper Payment Limit

For the purpose of the Enhancement Pool payments, the upper limit of aggregate payments to hospitals pursuant to 42 CFR §447.272 shall be determined using the hospital's latest filed cost report and claims data corresponding with the period to determine the reasonable costs in accordance with Medicare principles of reimbursement.

TN # 03-02

Approval Date

MAR 17 2003

Effective Date

JAN - 1 2003

Supersedes

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